

## **DEMOGRAPHY OF THE SMALL AND MEDIUM SIZED ENTERPRISES IN BULGARIA WITHIN THE PERIOD 1995-1999**

This publication is a generalized comparative survey on the state and development of the existing small and medium sized enterprises in Bulgaria, as of the middle of the last decade of the 20<sup>th</sup> Century and the newly established ones within the period 1995-1998, on the background of the countries from Central and Eastern Europe, in the light of a comparatively barely known direction of the economic statistics - business demography.

The statistical research, the main results of which are presented and commented herein, include the small and medium sized enterprises. Their activity is market-oriented, i.e. this is a profitably purposed production of goods and services for the market, and it refers to some of the 6 highly aggregated groups of business activities: industry, civil engineering, commerce, transport, hotels and restaurants, and other services. Such entities as public enterprises, unregistered enterprises, as well as those registered in the year of surveying and the agricultural enterprises have expressly not been included.

Business demography has been presented with a short topology of the demographic events in the aggregate of enterprises.

There is a summarized review on the methodological peculiarities and analytical possibilities of the Eurostat projects in this field for the countries from Central and Eastern Europe - PECO and DOSME. From the Bulgarian part, the National Statistical Institute is a participant in these projects. Within the framework of both related projects, 5 demographic investigations have been done by now, which are known to the specialists as investigation A, four investigations of the type B and investigation C.

The results from the business demographic investigations in the countries from Central and Eastern Europe have for the first time found their place in the official publications of Eurostat. This study has been built on the basis of the following editions:

“New Enterprises in the CEEC in 1998, Data 1995-1998, 2000”, Edition, PHARE.

“Development of Enterprises in Central European Countries 1995-1997” Eurostat, PHARE

“Panorama of Enterprises in the CEEC in 1995”, Eurostat, PHARE

The demographic peculiarities in the enterprises in Bulgaria have been presented in parallel with the remaining countries-participants in the project.

The demographic state of the enterprises has been traced with the so-called structural characteristics - manner of establishment, sector of business activity, legal form, size of enterprises, geographic location, age structure, status of activity. Another two

groups of characteristics have also been studied, which are not demographic but their study contributes to the interpretation of the entirely demographic characteristics of the enterprises. These are the indices for the profile of enterprises (sex and age, educational degree, transitional status), as well as for the operative characteristics of the enterprises (structure of the personnel, number of activities and changes in the business object, place of activity, investment behaviour, accounting, difficulties faced in business).

The demographic development of enterprises has been analyzed on the basis of the coefficients for creating and survival, and the changes in the demographic state of the enterprises have been illustrated by means of specific business demographic analyses: panel, cross-panel and trend analyses.

The purpose of the publication is to present in a compact edition some basic results from the demographic investigation work concerning the small and medium sized enterprises in Bulgaria and in the other countries in transition; to discuss on some issues related to methodology and the interpretation of data; to direct the research workers in the sector to the sources of business demographic data - the publications in Eurostat, as well as the rich information resource of the National Institute in Bulgaria, which could be used for a concrete and thorough analysis of the business demographic characteristics and trends in the development of the small and medium sized enterprises. Last but not least we would like to draw the attention, to the data from the already realized investigations, as well as to the benefit from future investigations, especially of the type C. The results from such investigations make possible the analyses, not only on the state, but also on the changes in the business demographic indices; panel analysis of the characteristics of one and the same group of enterprises in different moments in the course of time, a cross panel analysis of the changes in the characteristics of one and the same group of enterprises in different moments in the course of time; trend analysis - a comparative analysis between the characteristics of the groups of all enterprises investigated in different temporal moments.

On the basis of the results from the business demographic investigations of the small and medium sized enterprises in Bulgaria, the following generalized conclusions could be drawn:

- *Status of activity*: less than 70 per cent of the investigated enterprises were active at the moment of surveying;
- *Manner of establishing*: in 1995, more than 90 per cent of the enterprises were newly established, the remaining ones having emerged as a result of transformation from previous enterprises; more than 90 per cent are the newly established enterprises among the new ones, within the period 1995 - 1998;
- *Sector of business activity*: commercial enterprises prevailed - around 30 per cent in 1995 and around 50 per cent of the new ones, more than 70 per cent of the total employment is concentrated in enterprises from the industrial sector;
- *Legal form*: the enterprises "physical persons" prevail - 88 per cent in 1995 and approximately 80 per cent of the new enterprises in the

following years, considerably less is the number of the employed in such enterprises - about 20 per cent ;

- *Size of the enterprises*: a great number of very small firms - more than 70% with a personnel up to 2 people, more than 90 per cent of the enterprises work with a personnel less than 10 people;
- *Geographic location*: more than 85 per cent of the enterprises are concentrated in the cities and towns;
- *Age structure of enterprises*: comparatively young; in 1995 more than 60 per cent began their business in the preceding three years, 5 per cent only started before 1990.
- *Sex and age of enterprises*: the number of men prevails - In 1995 the women-enterprises were below 20 per cent; with an average enterprise's age of 43, hardly 7 per cent are those below the age of 30; in the following years women and young people were already one third in the new small and medium sized business;
- *Educational degree of enterprises*: more than a quarter of them have a University education, less than 1 per cent - secondary school education;
- *Preceding professional status of enterprises*: more than 30 per cent of them are former physical workers;
- *Structure of the personnel*: in 1995 nearly 80 per cent were those employed on payment, in the newly established firms in the following years the share of the working owner prevails;
- *Number of business activities and change in the business object*: 90 per cent of the enterprises had one business activity only, the same was the number of the firms that did not change their business object and did not intend to do so until 1995;
- *Place of activity of the enterprise*: for more than 40 per cent of the enterprises in Bulgaria home was the place of carrying out their business; in the following years the number of enterprises functioning on neutral place increased
- *Investment behaviour*: less than 10 per cent of the enterprises invested in 1994, barely 2 per cent of the new enterprises intended to invest in 1997, more than 20 per cent of the new enterprises stated their investment intentions for the years 1997-2000.

Less than a half of the enterprises, which were active in 1995 managed to survive till September 1997.

The general conclusion that could be made with regard to the dynamics of business demographic characterization of the sector of small and medium sized enterprises in Bulgaria, within the period between the years 1995 and 1997 is that the indices related to employment are most sensitive to the changes in the business environment – on the average it decreases from 9.7 to 4.3 people in 1997 compared to 1995. The share of enterprises without employees on payment goes down, at the expense of the growth of the share of enterprises with a personnel between 1 and 49 employed. On the other hand, increasing the share of working owners and decreasing the number of full-time employees could be observed in the structure of employment.